

D.P.U. 95-60

Application of Eastern Edison Company under the provisions of the Company's tariff, M.D.P.U. 245, for approval by the Department of Public Utilities to implement the Company's temporary purchased power cost adjustment Factor S-12.

APPEARANCES: David A. Fazzone, Esq.
McDermott, Will & Emery
75 State Street
Boston, Massachusetts 02139
FOR: EASTERN EDISON COMPANY
Applicant

I. INTRODUCTION

On May 9, 1995, pursuant to G.L. c. 164, § 94G and 220 C.M.R. 8.00 et. seq., Eastern Edison Company ("EECo" or "Company") applied to the Department of Public Utilities ("Department") for approval to implement a temporary change in its purchased power cost adjustment ("PPCA") clause. The Company requested that this change be effective for bills issued from June 1, 1995 through June 30, 1995. This matter was docketed as D.P.U. 95-60.

Pursuant to notice duly issued, a public hearing on the Company's application was held on May 25, 1995 at the Department's offices in Boston. Notice of the hearing was published by the Company in the Fall River Herald News, the Quincy Patriot Ledger, the Brockton Enterprise, and the Boston Herald. The Company also complied with the requirement to mail a copy of the notice of the hearing to all persons with whom the Company has special retail contracts that do not incorporate a filed rate. No petitions for leave to intervene were filed.

At the hearing, the Company sponsored one witness: Mark Sorgman, supervisor of rate administration of Eastern Utility Associates Service Corporation ("EUASC"). The Company submitted one exhibit: (1) Exhibit EE-1, a multi-page document entitled "Purchased Power Adjustment Filing Factor S-12," May 1995, which includes the pre-filed testimony of Mr. Sorgman, ten schedules

and one appendix.

EECo is a wholly owned subsidiary of Eastern Utilities Associates ("EUA"), a utility holding company. EUA's other subsidiaries, affiliates of EECo, include Blackstone Valley ("Blackstone") in Rhode Island, Newport Electric Corporation ("Newport") in Rhode Island and EUA Service Corporation, which provides engineering, technical, and other services for the EUA companies. Montaup Electric Company ("Montaup") is a wholly owned subsidiary of EECo and supplies power to EECo, Blackstone, Newport, and certain municipal electric utilities. EECo purchases all of its power requirements at wholesale from Montaup pursuant to rates regulated by the Federal Energy Regulatory Commission ("FERC"). Thus, EECo does not own or operate any power generation units of its own. EECo serves, on average, 204,000 customers in its service territory, which includes over 20 cities and towns in southeastern Massachusetts.

II. BACKGROUND

EECo's PPCA is designed to recover Montaup's demand-related charges to EECo. The PPCA is derived from two components:

(1) Montaup's base demand charge; and (2) Montaup's purchased capacity demand charge.

Montaup recovers the cost of power it generates through a FERC-approved base demand rate. However, Montaup also seeks alternative sources from which to purchase power in order to meet

the contracted power supply demands of its affiliates. As a result, each year, Montaup solicits cost estimates from alternative power suppliers. These estimates of annual cost are the basis of the purchased capacity demand charge.

Annually, Montaup files at the FERC for an adjustment to the purchased capacity demand charge to become effective January 1.

At the FERC, the change in Montaup's purchased capacity demand charge is referred to as an adjustment of Montaup's purchased capacity adjustment clause ("PCAC"). Under the terms of the Company's tariff, M.D.P.U. 245, whenever there is a change in Montaup's demand charge, EEC0 is required to file for a revision to its PPCA factor with the Department. These changes become E-factors.

In the instant docket, the Company proposes a billing adjustment, designated as PPCA Factor S-12, to accomplish two reconciliations in its rate. An S-factor is a temporary PPCA factor representing a change in EEC0's cost of purchased power brought about by a billing adjustment rendered by EEC0's wholesale supplier, Montaup.

III. THE COMPANY'S PROPOSED PPCA S-12 FACTOR

The Company proposed to consolidate into one rate two changes to its PPCA: (1) a refund credit from Montaup associated with the settlement of M-14, FERC Docket 94-1062-001; and (2) a

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by FERC subject to refund (id. at iii, Sch. 5A).

additional interest credit of \$2,693.56 (id., Sch. 2)

resulting in a credit of \$0.00538 per KWH (id.).

IV. ANALYSIS AND FINDINGS

We have reviewed the Company's calculations of the factor

components, including the interest amounts added to the calculations, and find them to be appropriate. The Department has calculated EEC's temporary PPCA S-12 Factor to be a credit of \$0.00538 per KWH for the period of June 1, 1995 through June 30, 1995 as shown on Table 1, attached to this Order. The combination of the temporary PPCA Factor S-12 with the PPCA Factors E-10 (PCAC) and E-9R, in effect as of June 1, 1995, results in a total PPCA credit of \$0.00933 (id., Sch. 1).

V. ORDER

Accordingly, after due notice, hearing and consideration, it is

ORDERED: That Eastern Edison Company's proposed temporary Purchased Power Cost Adjustment Factor S-12 be and hereby is allowed; and it is

FURTHER ORDERED: That a temporary Purchased Power Cost Adjustment Factor S-12 of (\$0.00538) per KWH is permitted to become effective for Eastern Edison Company with respect to bills rendered beginning on June 1, 1995, and shall be applied as a uniform credit to each kilowatthour sold on the applicable rates that are subject to the Company's purchased power cost adjustment provisions; and it is

FURTHER ORDERED : That Eastern Edison Company's temporary Purchased Power Cost Adjustment Factor S-12 shall be in effect until June 30, 1995.

By Order of the Department,

Kenneth Gordon, Chairman

Mary Clark Webster, Commissioner